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News release

For immediate release

State's Proposed Plan to Help Communities with Foreclosed, Abandoned Home Problems Posted for Public Comment

INDIANAPOLIS (November 11, 2008) – The Indiana Housing and Community Development Authority (IHCD) announced today the state has posted a proposal of its plan to distribute \$84 million in federal Neighborhood Stabilization Program Funds throughout the state. The proposal has been posted for public comment on the agency's Web site, www.ihcda.in.gov. Comments will be accepted through close of business on Wednesday, November 26, 2008.

The federal Neighborhood Stabilization Program (NSP) funds are Indiana's share of \$3.92 billion appropriated to all 50 states and more than 250 cities and counties to assist with national foreclosure problems. In all, Indiana will receive about \$152 million; \$68 million of the total is being distributed directly by the U.S. Department of Housing and Urban Development to 12 Indiana cities and towns. The remaining \$84 million will be distributed through the Indiana Housing and Community Development Authority to help cities and towns across Indiana buy abandoned or foreclosed homes, demolish or redevelop vacant properties and help low- and moderate-income home buyers purchase properties in an effort to revitalize communities with the most need.

"There is a great opportunity for comprehensive community redevelopment through this flexible funding. Communities across the state will have the opportunity to alleviate blighted and abandoned properties throughout our state, and to rebuild neighborhoods and provide housing opportunities for all Hoosiers," said Lt. Governor Becky Skillman.

IHCD consulted with housing industry advocates and associations, as well as realtors, the Association of Cities and Towns, and local units of government to gather suggestions on the best use of the funds for the greatest impact in Hoosier communities. The results of these discussions were considered in the drafting of this proposal, which is now available for the public to comment on for two weeks.

Once the public comment period has ended, the proposal will be submitted to HUD by December 1, 2008 for final approval. IHCDCA hopes to begin accepting applications for the grants in early 2009.

According to Sherry Seiwert, Executive Director of IHCDCA, "We also hope to bundle these funds with other resources IHCDCA administers so communities can take on projects with an even greater impact on redevelopment revitalization."

The Proposal:

The state has proposed using the \$84 million in two targeted ways: \$45 million for local units of government to assist with neighborhood redevelopment needs, and \$30.4 million that would be maintained in a fund that would be made available to low- and moderate-income individuals and families who choose to purchase abandoned and foreclosed homes.

According to the plan, communities would submit applications to IHCDCA, with priority given to those with the greatest need based on concentration of foreclosures and abandoned properties, the prevalence of subprime and high-cost mortgages, and the risk of continued community destabilization because of existing mortgage defaults and delinquencies.

NSP funds can be used in these ways:

- Establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, including such mechanisms as soft-second, loan loss reserves and shared-equity loans for low- and moderate-income homebuyers
- Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties.
- Establish land banks for homes that have been foreclosed upon.
- Demolish blighted structures
- Redevelop demolished or vacant properties

The remaining \$30.4 million would be retained in a fund coordinated by IHCDCA. The housing authority would work with lenders, realtors and others to help qualified buyers purchase foreclosed and abandoned homes. This funding would be made available statewide, including in communities that receive direct funds from HUD.

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The Indiana Housing and Community Development Authority's (IHCDCA) mission is for every Hoosier to have the opportunity to live in safe, affordable, good-quality housing in economically stable communities. IHCDCA believes that growing Indiana's economy starts at home. For more information, go to www.ihcda.in.gov. For updates from Lt. Governor Becky Skillman and the agencies she oversees, please sign up at www.in.gov/lgov.